



Department of Justice

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GRAND BAY MAN SENTENCED TO 21 MONTHS IN FEDERAL PRISON FOR BANKRUPTCY FRAUD, FALSE TAX RETURN PREPARATION SCHEME

United States Attorney Kenyen Brown announces that Gerrode Smith of Grand Bay, Alabama today was sentenced to twenty-one (21) months in Federal prison for his conviction on charges of bankruptcy fraud, conspiracy to defraud the United States and preparing and filing a false tax return.

The charges concern the filing of false tax returns through Smith's Tax Service, a business jointly owned by Smith and another individual. Smith and his business partner prepared and electronically filed tax returns which claimed the First Time Home Buyer's Credit where the named taxpayer had not purchased a home in the year claimed and tax returns which fraudulently claimed the Earned Income Credit and other credits.

Gerrode Smith falsely answered questions about his bank accounts and business interests in his bankruptcy Schedules and Statement of Financial Affairs, which concealed the business and bank accounts from the Bankruptcy Court, the Trustee and creditors.

Gerrode Smith was also sentenced to three years of Supervised Release, during which time he was barred from the tax return preparation business, and was ordered to pay to the United

States \$103,000 in restitution and a three hundred dollar special assessment.

The case was investigated by agents of the Mobile office of Criminal Investigation, Internal Revenue Service. United States Attorney Kenyen R. Brown stated that the prosecution shows that the Department of Justice understands its duty to work to ensure that honest taxpayers are not taken advantage of, and to protect taxpayers from those who claim to be bona fide tax return preparers, but in reality prepare and file fraudulent returns. IRS Special Agent in Charge Rodney E. Clarke stated: "Taxpayers need to be cautious about selecting a return preparer because it is the taxpayers that are ultimately responsible for paying back any fraudulent refunds, along with interest and penalties."

The case was prosecuted by Assistant U.S. Attorneys Charles Baer and Gregory Bordenkircher on behalf of the United States Attorney's Office for the Southern District of Alabama.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Alabama at <http://www.justice.gov/usao/als>